

Message Text

LIMITED OFFICIAL USE

PAGE 01 PARAMA 01210 071807Z
ACTION XMB-04

INFO OCT-01 ARA-10 EUR-12 ISO-00 EB-08 TRSE-00 OMB-01
FRB-03 CIAE-00 INR-10 NSAE-00 /049 W
-----002965 081058Z /21

R 071330Z SEP 78
FM AMEMBASSY PARAMARIBO
TO SECSTATE WASHDC 4609
INFO AMEMBASSY THE HAGUE
USDOC WASHDC

LIMITED OFFICIAL USE PARAMARIBO 1210

COMMERCE FOR MAJOR PROJECTS DIVISION

DEPT PASS EXIMBANK

E.O. 11652: N/A
TAGS: EGN, NS
SUBJECT: POSSIBLE EXIMBANK PARTICIPATION IN FINANCING OF
WEST SURINAME PROJECTS

REF: A) STATE 190667, B) PARAMARIBO 1105

1. TO PROVIDE INFORMATION REQUESTED IN REFTEL A AND EXPAND
UPON REFTEL B, EMBASSY HAS HELD DISCUSSIONS WITH REPRESENTATIVES
OF GOS-OWNED COMPANY, GRASSALCO, MINISTRY OF FINANCE,
AND LOCAL DUTCH DEVELOPMENT COOPERATION MISSION. MORRISON-
KNUDSEN REPRESENTATIVES HAVE ALSO CONTACTED EMBASSY.

2. HENRY FERRIER (BROTHER OF PRESIDENT FERRIER) IS MANAGING
DIRECTOR OF GOS-OWNED COMPANY GRASSALCO, WHICH IS SUPERVISING
CONSTRUCTION OF THE RAILROAD AND DEVELOPMENT OF THE
BAUXITE MINE IN WEST SURINAME. IN CONVERSATION WITH
EMBOFFS HE STATED THAT HE WAS INTERESTED IN EXPLORING EXIM
PARTICIPATION IN FINANCING OF WEST SURINAME DEVELOPMENT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARAMA 01210 071807Z

PROJECTS, AND THAT HE WOULD BE WILLING TO CONSIDER DEALING
WITH EXIM DIRECTLY RATHER THAN THROUGH INDIVIDUAL SUPPLIERS.

3. FERRIER SAID HE THOUGHT HIS GOVERNMENT WOULD BE WILLING
TO SERVE AS GUARANTOR ON ANY LOANS NEGOTIATED WITH EXIM.
THE MINISTRY OF FINANCE WOULD HAVE TO APPROVE ANY GUARANTEES AND
THE COUNCIL OF MINISTERS, ACTING UPON THE ADVICE OF THE

MINISTER OF FINANCE, WOULD ALSO HAVE TO APPROVE GUARANTEES OVER A CERTAIN SUM. THE MINISTER OF FINANCE, LESLIE GOEDEN AND THE DIRECTOR OF FINANCE, R.W. BRAAM, HAVE TOLD EMBOFFS THAT THEY WOULD BE INTERESTED IN DISCUSSING POSSIBLE LOANS AND GUARANTEES WITH EXIM. MINISTRY OF DEVELOPMENT WOULD ALSO BE INVOLVED, SINCE GRASSALCO COMES UNDER ITS JURISDICTION.

4. MEMBER OF DUTCH DEVELOPMENT COOPERATION MISSION SAID HE DOUBTED VERY MUCH THAT THE DUTCH WOULD GUARANTEE ANY LOANS FOR NON-DUTCH PROCURED EQUIPMENT FOR WEST SURINAME PROJECTS, ON TOP OF GOS GUARANTEES. THE DUTCH WILL PARTICIPATE HEAVILY IN THE FINANCING OF WEST SURINAME PROJECTS (FROM 25 PERCENT TO 50 PERCENT OF THE COST OF THE PROJECTS, HE ESTIMATED), BUT HE WAS QUITE SURE THAT THE DUTCH WOULD NOT GUARANTEE EXIM LOANS IN ADDITION. EMBASSY ALSO BELIEVES THAT THE DUTCH GOVERNMENT WOULD NOT MAKE SUCH GUARANTEES, AND QUESTIONS WHETHER GOS WOULD IN ANY EVENT AGREE TO SUCH AN ARRANGEMENT.

5. RE POTENTIAL COMPETITION, FERRIER MENTIONED THE DUTCH, CANADIANS, AND JAPANESE, WITHOUT BEING SPECIFIC. HE SAID THE JAPANESE HAD PROPOSED SOME KIND OF A PACKAGE ARRANGEMENT, BUT THE MEMBER OF THE DUTCH DEVELOPMENT COOPERATION MISSION WITH WHOM EMBOFFS SPOKE SAID HE UNDERSTOOD THE JAPANESE WERE NOT INTERESTED. BOTH FERRIER AND DUTCH MISSION MEMBER CONFIRMED THAT, EVEN ON DUTCH-FINANCED EQUIPMENT, US LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARAMA 01210 071807Z

SUPPLIERS WILL HAVE A CHANCE IF THEY HAVE ADVANTAGES IN PRICE AND QUALITY OVER DUTCH AND THIRD COUNTRY PRODUCTS.

6. FERRIER PROVIDED THE FOLLOWING INFORMATION ON THE RAILROAD, ROLLING STOCK, AND BAUXITE MINE: RAILROAD IS SCHEDULED FOR COMPLETION IN DECEMBER 1979. HE IS NOW EXAMINING OVER 20 PROPOSALS FROM A NUMBER OF COUNTRIES FOR ROLLING STOCK AND SIGNALLING EQUIPMENT, WHICH HE EXPECTS WILL COST OVER US \$20 MILLION. FIRMS ARE GENERALLY OFFERING TO ARRANGE FOR FINANCING OF 80-85 PERCENT OF THE COSTS. STUDIES ARE PROCEEDING FOR THE CONSTRUCTION OF THE MINE, WHICH HE SAID SHOULD EVENTUALLY PRODUCE 2,000,000 TONS PER YEAR. SURINAME WANTS TO START SUPPLYING VENEZUELA BAUXITE FROM THIS NEW MINE BY 1980, THOUGH NO CONTRACT WITH THE VENEZUELAN HAS YET BEEN SIGNED. IT IS ALSO POSSIBLE THAT NICKEL, COPPER, AND WOOD WILL EVENTUALLY BE EXPORTED FROM THE AREA. FERRIER INDICATED THAT MORE INTENSIVE PLANNING FOR THE PROPOSED HYDROELECTRIC FACILITIES WOULD PROCEED ONCE THE ROLLING STOCK, SIGNALLING EQUIPMENT, AND MINE WERE FURTHER ALONG THE ROAD TO COMPLETION. (COMMENT: WHOLE WEST SURINAME DEVELOPMENT EFFORT IS MOVING SLOWER THAN ANTICIPATED, AND THERE IS LIKELY TO BE SLIPPAGE IN TARGET COMPLETION DATES. SURINAMESE MANAGEMENT TALENT

IS SPREAD VERY THINLY, AND DUTCH AID MISSION HERE APPEARS
TO BE UNDERMANNED.)

7. COINCIDENTALLY, EMBASSY RECEIVED A VISIT ON SEPTEMBER 1 FROM
W.C. PERKINS, MANAGER OF THE LATIN AMERICAN DIVISION OF
MORRISON-KNUDSEN INTERNATIONAL OF BOISE, IDAHO, AND LOCAL
M-K PROJECT DIRECTOR JOHN B. RENWICK. THEY INDICATED THAT M-K
IS VERY INTERESTED IN SECURING PARTIAL EXIM FINANCING FOR
CONSTRUCTION OF A DAVIS FALLS DAM, WHICH WOULD CONSTITUTE PHASE
ONE OF AN EVENTUAL TWO-PHASE HYDROELECTRIC FACILITY, THE SECOND
PHASE OF WHICH WOULD BE A KABALEBO DAM. PERKINS INDICATED
THAT HE WOULD BE CONTACTING EXIM ON THIS MATTER IN THE NEAR
FUTURE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 PARAMA 01210 071807Z

8. IN VIEW OF THE POTENTIAL MAGNITUDE OF US EXPORTS WHICH
COULD BE GENERATED BY THESE WEST SURINAME PROJECTS, AND THE
STILL UNANSWERED QUESTIONS WHICH COULD BEST BE RESOLVED BY
DIRECT MEETINGS BETWEEN GOS OFFICIALS AND EXIM, EMBASSY
STRONGLY RECOMMENDS THAT EXIM SEND ONE OR MORE OFFICIALS ON
A VISIT TO SURINAME. MEETINGS WOULD BE ARRANGED WITH
MINISTRIES OF FINANCE AND DEVELOPMENT, GRASSALCO, AND PERHAPS
OTHER ENTITIES, AND A VISIT TO WEST SURINAME COULD BE ARRANGED.
VISIT WOULD PROBABLY TAKE A WEEK, INCLUDING A FIELD TRIP TO
WEST SURINAME. BEST TIMING FOR VISIT APPEARS TO BE DURING
LAST WEEK IN NOVEMBER OR FIRST TWO WEEKS IN DECEMBER.
(GRASSALCO OFFICIALS WILL BE TIED UP WITH FURTHER MEETINGS
WITH THE VENEZUELAN IN OCTOBER, AND WITH THE INTERNATIONAL
BAUXITE ASSOCIATION MEETING AND A MEETING WITH DUTCH AID
OFFICIALS (CONS) IN EARLY NOVEMBER.) PLEASE ADVISE.
OSTRander

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LOANS, DEVELOPMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 sep 1978
Decapton Date: 01 jan 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978PARAMA01210
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780366-0027
Format: TEL
From: PARAMARIBO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780993/aaaaczdv.tel
Line Count: 152
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bdfe6856-c288-dd11-92da-001cc4696bcc
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 190667, 78 PARAMARIBO 1105
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1519399
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE EXIMBANK PARTICIPATION IN FINANCING OF WEST SURINAME PROJECTS
TAGS: EFIN, EINV, NS, XMB
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/bdfe6856-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014